

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 784 - HB 1079

February 26, 2023

SUMMARY OF BILL: Extends indefinitely, rather than until June 30, 2028, the time period where eligible municipalities continue to receive an allocation of state sales tax revenue pursuant to the now-repealed *Courthouse Square Revitalization Pilot Project Act of 2005*.

ESTIMATED FISCAL IMPACT:

Forgone State Revenue – Exceeds \$3,500,000/FY28-29 and Subsequent Years

Other Fiscal Impact – Local revenue loss avoidance exceeding \$3,500,000 in FY28-29 and subsequent years.

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-6-103(h)(2), any municipality with a Courthouse Square Revitalization Zone that is receiving allocations of state sales tax revenue as a result of the now-repealed *Courthouse Square Revitalization Pilot Project Act of 2005* will stop receiving state sales tax revenue allocations following the conclusion of FY27-28.
- The proposed legislation would extend these allocations indefinitely.
- According to information provided by the Department of Revenue (DOR), there are six different courthouse revitalization projects. DOR makes one courthouse square allocation annually, covering all six projects.
- The FY21-22 allocations were approximately \$2,900,000. Fiscal Review Committee staff estimates sales tax growth of 8.53 percent in FY22-23 and additional growth of 4.06 percent in FY23-24. The exact amount of such revenue growth in future years is unknown but is assumed to increase over time.
- The proposed legislation will continue an allocation of state sales tax revenue to the six courthouse revitalization projects, in an amount estimated to exceed \$3,500,000 in FY28-29 and subsequent years.
- Current budgetary levels will not be impacted as the majority of this revenue has not been retained by the state in many years. Therefore, the impact of this legislation on state government revenue is considered forgone.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

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